

Message Text

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15

ORIGIN OPIC-12

INFO OCT-01 EA-11 ISO-00 EB-11 COME-00 TRSE-00 AID-20 L-03

IGA-02 CIAE-00 INR-10 NSAE-00 SIL-01 LAB-06 AGR-20

/097 R

66612

DRAFTED BY:OPIC/T:LNEILSON//EA/F:JKCULMAN

2/19/74 EXT 28544

APPROVED BY:EB/IFD/OIA:MKENNEDY

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EB/IFD/OIA:WHCOURTNEY

SPECIAL CHARGE: OPIC

----- 095621

R 192247Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: P.T. UNITED COCONUT UNICO

REF: JAKARTA 2063

1. APPRECIATE MISSION'S REPORT SITUATION SUBJECT WHICH SOMEWHAT DOVETAILS REPORT OPIC RECEIVED FEBRUARY 14 FROM PARKER, JORDAN'S WASHINGTON COUNSEL, WHO PRESENTED JORDAN'S VERSION SITUATION. DURING MEETING WITH PARKER OPIC TOOK POSITION THAT IT HAD NOT HEARD FROM USAID AND THEREFORE SOMEWHAT IN DARK TO COMMENT.

2. WOULD APPRECIATE CLARIFICATION HOW MATTERS REACHED IMPASSE THAT JORDAN PREVENTED BY EXECUTIVE COMMITTEE FROM TRAVELING TO SITE. FURTHER APPRECIATE RATIONALE HOW JORDAN IS TO BE RESPONSIBLE FOR PRODUCTION UNTIL PROJECT START UP IF PROHIBITED FROM TRAVELING TO SITE. THIS DOES NOT APPEAR REASONABLE WITHOUT LIMITED OFFICIAL USE

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RATIONALE.

3. REQUEST BIO DATA HODGSON. DID JORDAN CONCUR HIS APPOINTMENT?

4. RE PARA 4 REFTEL CONCUR NEED OF INDEPENDENT EXPERT TO APPRAISE TECHNICAL PROGRESS OF PROJECT AND ESTIMATED REQUIREMENTS AND COSTS TO COMPLETE. IN THIS CONNECTION BELIEVE IT DESIRABLE TO DETERMINE STATUS CHANGE ORDERS, IF ANY, OR OTHER CONTRACT CHANGES WHICH MIGHT BE BASIS FOR LATER CLAIMS ON CONSTRUCTION, ENGINEERING AND OTHER PERTINENT CONTRACTS. BELIEVE IT ALSO NECESSARY TO DETERMINE HOW SUCH CHANGE ORDERS AFFECTED OVERRUN.

5. PARKER REPORTED BOTH BARAMULI AND JORDAN NOT HAPPY WITH AUDIT. WOULD APPRECIATE ANY INFO ON THIS.

6. OVERRUN AND TECHNICAL PERFORMANCE AGREEMENTS BETWEEN UNITED COCONUT U.S. AND OPIC AND PICA REQUIRES UNITED U.S. TO FURNISH ADDITIONAL FUNDS NECESSARY FOR OVERRUN. WHILE RECOGNIZING PROBLEMS JORDAN FINANCING OVERRUN, APPROXIMATELY \$162,000 PER REFTEL, OPIC NOT PREPARED TO WAIVE ITS RIGHTS UNTIL IT CAN BE DEMONSTRATED THAT JORDAN UNABLE TO MEET TERMS OF THIS AGREEMENT. OPIC UNDERSTANDS THAT JORDAN HAS SIGNED AGREEMENT WITH GENTREX AND POLECO WHEREBY EACH WILL PUT UP 1/3 OF ANY OVERRUN. OPIC HAS DIFFICULTY RECONCILING FIGURES SUPPLIED BY JORDAN DIRECTLY TO OPIC AND THOSE FROM MISSION ON OVERRUN. OPIC HAS ORIGINAL COSTS BROKEN DOWN BY LINE ITEM AND AMOUNT AS FOLLOWS:

(1) LAND	42,163
(2) CONSTRUCTION AND SITE PREPARATION	200,702
(3) MACHINERY AND EQUIPMENT	508,500
(4) ENGINEERING AND INSTALLATION	40,000
(5) PRE-OPERATIONAL COSTS	122,000
(6) INTEREST DURING CONSTRUCTION	50,000
(7) WORKING CAPITAL	165,000

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(8) CONTINGENCIES	171,000
TOTAL	\$1,300,000

REQUEST AUDITING FIRM CONFIRM ACTUAL COSTS OF ABOVE LINE ITEMS, INCLUDING ESTIMATE OF WORKING CAPITAL AND CONTINGENCIES. JORDAN IN LETTER OF FEBRUARY 2, 1974, RECEIVED BY OPIC ON FEBRUARY 13, STATES THAT OVERRUN FUNDS REQUIRED AFTER DISBURSEMENT OF LOAN ON

JANUARY 25, 1973, TOTALED \$60,175. THIS, HOWEVER, DOES NOT, REPEAT NOT, INCLUDE WORKING CAPITAL.

7. PARKER LEANED VERY HEAVILY ON BARAMULI WANTING TO TIE UP COCONUT SUPPLY FOR OWN PROFIT. SECTION 8.5(F) OF THE LOAN AGREEMENT REQUIRES ARMS LENGTH TRANSACTIONS. WOULD APPRECIATE ANY INFO ON MARKETING SITUATION.

8. IN VIEW RECENT DISCHARGE OF LEONARD JORDAN BY JOE JORDAN WHICH OPIC UNDERSTANDS WAS OPERATING UNITED U.S. OUT OF HIS HOUSE, WOULD APPRECIATE ANY INFO ON SITUATION.

9. MUCH OF ABOVE INFO REQUIRED TO COUNTER PARKER PROPOSITION THAT JOE JORDAN BEING SQUEEZED OUT BY PICA AND BARAMULI BECAUSE OF OTHER BUSINESS ARRANGEMENTS BETWEEN THEM RATHER THAN JORDAN'S MANAGEMENT OF THE PROJECT. PARKER'S THESIS IS THAT OPIC AS U.S. GOVERNMENT AGENCY SHOULD BE LOOKING AFTER U.S. NATIONAL'S INTEREST WHICH ARE BEING JEOPARDIZED BY FOREIGNERS, I.E., PICA AND BARAMULI.

DECONTROL MAY 31, 1974. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, LITIGATION, CONSTRUCTION, COSTS, COCONUTS, INVESTMENT PROGRAMS, STOCKS (SECURITIES),
LOAN AGREEMENTS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE033148
Document Source: CORE
Document Unique ID: 00
Drafter: OPIC/T:LNEILSON//EA/F:JKCULMAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740223/aaaaavtp.tel
Line Count: 136
Locator: TEXT ON-LINE
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: JAKARTA 2063
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUL 2002 by kelleyw0>; APPROVED <29 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: P.T. UNITED COCONUT UNICO
TAGS: EFIN, ID, US, OPIC, P T UNITED COCONUT
To: JAKARTA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005